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# Message Text

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PAGE 01 NEW DE 05146 081004Z

15
ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 IO-11 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /077 W
---------- 109053
R 080425Z APR 76
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 5165

UNCLAS NEW DELHI 5146

E.O. 11652: N/A
TAGS: BEXP IN
SUBJECT: UNION INDUSTRIES MINISTER PAI REITERATES
INDIAN INTEREST IN SELECTIVE FOREIGN INVESTMENT

REF: BOMBAY 0881

FOLLOWING SENT ACTION NEW DELHI INFO MADRAS CALCUTTA
FROM BOMBAY APR 07 IS REPEATED

QUOTE

BOMBAY 0881

E. O. 11652: N/A
OAGS: BEXP, IN
SUBJ: UNION INDUSTRIES MINISTER PAI REITERATES INDIAN
INTERDST IN SELECTIVE FOREIGN INVESTMENT

REF : CERP SECTION D

1. IN A KEYNOTE SPEECH (DELIVERED EXTEMPORE) AT THE
MAHARASHTRA COMMERCIAL AND INDUSTRIAL CONFERENCE IN
BOMBAY BN APRIL 5, UNION MINISTER FOR INDUSTRPES PAI
REITERATED CONTINUED INDIAN INTEREST IN FOREIGN INVESTMENT
IN SELECTED FIELDS WHICH PROMOTE LOCAL MANUFACTURING
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PAGE 02 NEW DE 05146 081004Z

CAPABILITIES FOR EXPORT, AND PROVIDE FOR LOCAL DEVELOP-

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

MENT IN CRITICAL AREAS SUCH AS DEFENSE PRODUCTION, SPACE AND OTHER HIGH TECHNOLOGY FIELDS; HE MAINTAINED THAT GOI IS OPEN TO CONSIDER PROPOSALS IN THESE AREAS INCLUDING EQUITY PARTICIPATION.O
2. COMMENTING ON VIEWS OF A RECENT AMERICAN BUSINESS DELEGATION (APPARENTLY REFERRING TO THE FREEMAN TEAM AT NEW DELHI JOINT BUSINESS COUNCIL MEETING), HE STATED INDIA DOES NOT NEED ASSISTANCE OF MULTINATIONALS FOR CAPITAL AND MANAGEMENT DEVELOPMENT AND REJECTED THE "BRAZILIAN MODEL" OF OPEN FOREIGN INVESTMENT. HE FURTHER STATED THAT GOI IS NOT CONCERNED ON POLITICAL RAMIFICATIONS OF MULTINATIONAL INVESTMENTS SINCE "WE KNOW THEM, SHALL NAME THEM AND EXCLUDE THEM" FROM THE INDIAN SCENE. HOWEVER, HE HASTENED TO REMIND THE AUDIENCE OF THE CURRENT UN DEFINITION OF MULTINATIONALS (MORE THAN TWO OVERSEAS VENTURES) AND CAUTIONED THAT THERE NEED BE NO GENERAL PREJUDICE AGAINST ALL SUCH FIRMS.

3. PAI REFERRED TO THE GOI'S DECISION ON ADDITIONAL INVESTMENT INCENTIVES FOR INDIAN RESIDENTS ABROAD (HE ADDED THOSE HAVING INDIAN PARENTAGE AMONG THEM). WE ARE NOT COMMENTING ON THIS ASPECT OF THE SPEECH SINCE UNION MINISTER OF STATE FOR INDUSTRIES AND CIVIL SUPPLIES MAURAYA MADE AN IDENTICAL STATEMENT AT RAJYA SABHA YESTERDAY.

4. SPEAKINV OF THE CURRENT INDIAN INDUSTRIAL SCENE, PAI DEPLORED THE PREVAILING TENDENCY AMONG PUBLIC AND PRIVATE SECTOR OF FOLLOWING "SOVIET GIGANTICISM IN PROJECT PLANNING, BRITISH TRADE UNION PRACTICES IN LABOR RELATIONS AND HARVARD BUSINESS MANAGEMENT TECHNIQUES" AND ADVISED THAT ALL THESE SHOULD BE ADAPTED TO THE INDIAN INDUSTRIAL REALITIES. HE CALLED FOR TEN PERCENT GROWTH IN PRODUCTION, RENEWED EFFORTS AT SELLING GOODS AT CURRENT PRICES ANDH"TO MAKE MORE AND MORE PROFITS" FOR ADDITIONAL INVESTMENTS.

5. PAI'S COMMENTS ON MAHARASHTRA'S INDUSTRIAL DEVELOPMENT ARE NOT OF IMMEDIATE INTEREST AND WE SHALL SEND YOU A SEPARATE MEMORANDUM ON THE PROCEEDINGS OF THE CONFERENCE
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WHICH WAS MAINLY DEVOTED TO "REGIONAL IMBALANCES IN MAHARASHTRA".

6. COMMENT: PAI'S SPEECH APPEARED TO BE AN INFORMAL ESSAY, ATTEMPTING TO PRESENT THE INDIAN INVESTMENT POLICY IN REALISTIC TERMS, WITHOUT DOCTRINNAIRE RANCOUR. REFERRING TO HIS SPEECH AT A LATER SESSION OF THE CONFERENCE (AFTER PAI HAD LEFT), FICCI PRESIDENT HARISH MAHINDRA STATED THAT

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

"MR. PAI DID NOT APPEAR TO BE AGAINST MULTINATIONALS AND
FOREIGN INVESTMENT, BUT I DON'T KNOW ABOUT OTHERS".
IMPRESSION OF OUR FSL, WHO ATTENDED THE CONFERENCE, ON
PAI'S SPEECH ARE SIMILAR TO MAHINDRA'S. SIGNED COURTNEY

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Margaret P. Grafeld
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**Subject:** UNION INDUSTRIES MINISTER PAI REITERATES INDIAN INTEREST IN SELECTIVE FOREIGN INVESTMENT
**TAGS:** BEXP, IN
**To:** STATE
**Type:** TE
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